

§ 48.4041-9

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(A.S.T.M. designation: D86) of the American Society for Testing Materials.

(2) Products designated as kerosene, gas, oil, or fuel oil which do not fall within the specifications of both paragraphs (g)(1) (i) and (ii) of this section are taxable as special motor fuel if sold or used as a fuel in a motor vehicle or motorboat.

(h) *Fuel used in the aircraft in noncommercial aviation.* The term “fuel used in an aircraft in noncommercial aviation” means any liquid (including any product taxable under section 4081) that is sold for use or used as a fuel in an aircraft in noncommercial aviation (as defined in paragraph (j) of this section).

(i) *Registered.* The term “registered”, when used with reference to a highway vehicle, means—

(1) Registered for highway use under the laws of any State, District of Columbia, or foreign country, or

(2) Required to be registered for highway use under the law of the State, District of Columbia, or foreign country in which it is operated or situated. Any highway vehicle which is operated under a dealer’s tag, license, or permit is considered to be registered. A highway vehicle is not considered to be “registered” solely because there has been issued a special permit for operation of the vehicle at particular times and under specified conditions. However, a highway vehicle which is required to be registered and which also has been issued a special permit for operation of the vehicle under specified conditions, such as carrying an oversized load, is still considered to be “registered”.

(j) *Noncommercial aviation.* The term “noncommercial aviation” means any use of an aircraft, other than in a business of transporting persons or property for compensation or hire by air. The term also includes any use of an aircraft, in a business described in the preceding sentence, which is properly allocable to any transportation exempt from taxes imposed by sections 4261 (transportation of persons) and 4271 (transportation of property) by reason of section 4281 (use of small aircraft on

nonestablished lines) or 4282 (transportation of members of affiliated group).

[T.D. 8066, 51 FR 17, Jan. 2, 1986, as amended by T.D. 8609, 60 FR 40081, Aug. 7, 1995]

§ 48.4041-9 Exemption for farm use.

(a) *In general.* The tax imposed by section 4041 does not apply to diesel fuel or special motor fuel, or fuel used in noncommercial aviation, sold for use or used on a farm in the United States for farming purposes. The tax applies in the case of diesel fuel delivered into the fuel supply tank of a highway vehicle, or special motor fuel delivered into the fuel supply tank of a motor vehicle or motorboat, even if it is known that the liquid fuel is to be used on a farm for farming purposes. Credit or refund of the tax paid in such case may be claimed as provided by section 6427(c) upon proof that the taxable liquid was used on a farm for farming purposes. A tax-free sale of fuel delivered into the fuel supply tank of an aircraft in noncommercial aviation where such fuel is to be used on the farm for farming purposes may be made only if the requirements of § 48.4041-11 are met. The terms “used on a farm for farming purposes”, and related terms, have the same meaning for purposes of the exemption in section 4041(f) and the regulations in this section as these terms are defined in paragraphs (1), (2), and (3) of section 6420(c) and the regulations contained in § 48.6420-4.

(b) *Application of exemption.* The exemption referred to in paragraph (a) of this section does not apply with respect to diesel fuel or special motor fuel or fuel used in noncommercial aviation sold for use or used for non-farming purposes, or diesel fuel or special motor fuel or fuel used in noncommercial aviation sold for use or used off a farm, regardless of the nature of the use. Thus, if a vehicle, motorboat, or aircraft is used both on a farm and off the farm, or if it is used on a farm both for farming and non-farming purposes, the exemption applies only with respect to that portion of the diesel fuel or special motor fuel or fuel used in noncommercial aviation which is sold for use or used “on a farm for farming purposes”. For purposes of this exemption, it is immaterial

whether or not a vehicle is registered for highway use. However, the actual use of the vehicle and the place where it is used are material. For example, if a truck used on a farm for farming purposes is also used on the highways (even though in connection with operating the farm), tax applies to that diesel fuel or special motor fuel which is sold for use or used in operating the truck on the highways, since the fuel was used off the farm.

(c) *Termination of exemption.* The exemption referred to in paragraph (a) of this section shall not apply on and after October 1, 1988.

[T.D. 8066, 51 FR 18, Jan. 2, 1986]

§ 48.4041-10 Exemption for use as supplies for vessels or aircraft.

(a) *Application of exemption.* The tax imposed by section 4041 does not apply to any fuels which are sold for use or used as supplies for vessels or aircraft within the meaning of section 4221(a)(3) and (d)(3), and § 48.4221-4. In the case of a liquid sold for use as fuel in an aircraft, a tax-free sale may be made only if the requirements of § 48.4041-11 are met. For credit or refund of tax paid on fuels which have been sold or used as supplies for vessels or aircraft, see section 6416(b)(2)(B), section 6427, and paragraph (f) of this section.

(b) *Evidence required to establish exemption.* (1) In order to establish exemption from tax in the case of a sale of fuels for use as supplies for vessels or aircraft, it is necessary that the seller obtain from the owner, charterer, or authorized agent of the vessel or aircraft and retain in its possession a property executed exemption certificate in the form prescribed by paragraph (c) of this section. If fuel is sold tax free for use as supplies for civil aircraft employed in foreign trade or in trade between the United States and any of its possessions, the exemption certificate must show the name of the country in which the aircraft is registered.

(2) If only occasional sales of fuels are made to a purchaser for use which is exempt from tax as provided in this section, a separate exemption certificate must be furnished for each order. However, if sales are regularly or frequently made to a purchaser for such

exempt use, a certificate covering all orders for a specified period not to exceed 12 calendar quarters is acceptable. Such certificates and proper records of invoices, orders, etc., relative to tax-free sales must be kept for inspection by the district director as provided in section 6001. If a seller's records with respect to any sale claimed to be tax free do not include a proper certificate, with supporting invoices and such other evidence as may be necessary to establish the exempt character of the sale, tax is payable by the seller on the sale.

(c) *Acceptable form of exemption certificate.* The following form of exemption certificate, which must be adhered to in substance, is acceptable for the purposes of this section.

EXEMPTION CERTIFICATE

(For use by purchasers of fuels for use as supplies for certain vessels or aircraft (section 4041(g) of the Internal Revenue Code of 1954).)

(Date), 19—

The undersigned purchaser hereby certifies that he/she is the

(owner, charterer, or authorized agent of owner or charterer)

of

(Name of company and vessel)

and that the fuel specified in the accompanying order, or as specified below or on the reverse side hereof, will be used only as fuel supplies for a vessel belonging to one of the following classes of vessels (including aircraft) to which section 4041(g) of the Internal Revenue Code applies: (Check class to which vessel belongs):

(1) Vessels (including aircraft) engaged in foreign trade.

(2) Vessels engaged in trade between the Atlantic and Pacific ports of the United States.

(3) Vessels (including aircraft) engaged in trade between the United States and any of its possessions.

(4) Vessels employed in the fisheries or whaling business.

(5) Vessels (including aircraft) of war of the United States or a foreign nation.

The undersigned understands that if the fuels are sold or used otherwise than as stated above and for a taxable purpose specified in section 4041 of the Internal Revenue Code, the undersigned will be liable for the tax upon such sale or use. It is also understood that this certificate may not be used in purchasing fuels, if such fuels are for use as fuels in pleasure vessels, or of any type of